

DEPARTMENT OF MILITARY AFFAIRS
STATE HUMAN RESOURCES
PRACTICE AND PROCEDURE MANUAL

STATUS: (X) FINAL () DRAFT
EFFECTIVE DATE: 1/1/12 (Revised 10/20/13)

BULLETIN NO.: 1.500
Page: 1 of 12

SUBJECT: Discretionary Equity or Retention Adjustments (DERA) and Discretionary Merit Compensation (DMC)
Adjustments/Payments

SECTION: Compensation

Practice:

In accordance with Section I and Section J of the 2013-2015 Compensation Plan, the Discretionary Equity or Retention Adjustment (DERA) program and the Discretionary Merit Compensation (DMC) program are intended to provide the appointing authority, The Adjutant General, with discretion for awarding pay increases to eligible employees covered by the Compensation Plan. The granting, denial, amount, and type (base building or lump sum) of DERA or DMC are not grievable.

[Section I](#) of the Compensation Plan and the Office of State Employment Relations (OSER) Wisconsin Human Resources Handbook [Chapter 552](#) provide general DERA policy and procedure for all state agencies. [Section J](#) of the Compensation Plan and the OSER WI HR Handbook [Chapter 550](#) provide general DMC policy and procedure for all state agencies. This bulletin addresses administration of DERA and DMC specifically for the Department of Military Affairs (DMA). The procedures set forth in this bulletin must be used and written justification must be provided to substantiate DERA and DMC adjustments and payments.

Eligibility and Coverage:

DMA employees in pay status assigned to a classification in a **broadband pay schedule**, whose pay administration is covered by Section I of the Compensation Plan, are eligible for DERA. DMA employees in pay status whose pay administration is covered by the Compensation Plan are eligible for DMC except for those indicated below.

The following employees are considered ineligible to receive **both DERA and DMC**:

- Employees who have not received a formal performance evaluation within the last twelve months,
- Employees whose job performance in the previous fiscal year was rated below satisfactory,
- Supervisors who did not complete formal performance evaluations on all subordinate employees for whom performance evaluations are required,
- Trainees eligible for scheduled trainee increases, and
- Limited Term Employment (LTE) employees.

The following employees are considered ineligible to receive **DERA only**:

- Unclassified employees and
- Employees in classifications not assigned to broadbanded pay schedules.

The following employees are considered ineligible to receive **DMC only**:

- Craftworker-related employees (pay schedule 4) and
- Unclassified employees serving a fixed term appointment.

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Please see Attachment #4 for a chart of DERA eligibility and Attachment #5 for a chart of DMC eligibility as it pertains to the DMA workforce.
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Funding:

All DERA adjustments and DMC awards are funded from the appropriate salary line within DMA's budget, that which is used to normally fund the employee's salary. There is no additional designated funding for these adjustments. As such, recommendations must be made with the assurance that adequate funding exists to maintain the DERA adjustment or DMC award.

Effective Date:

DERA or DMC may be granted at the beginning of any pay period during the fiscal year. All requests for DERA or DMC should be submitted first to the DMA State Human Resources (SHR) Office. Requests will be logged in and effective date set. Awards approved by the Adjutant General will be effective at the beginning of the pay period following effective receipt by SHR. Adjustments cannot be retroactive.

Procedure:

1. Supervisor submits justification *on the OSER DERA Request Form (Attachment #1) or OSER DMC Request Form (Attachment #2)* to their Division Administrator, Directorate Head, Air Commander, or equivalent. Employees are eligible to self-nominate to their supervisor no more than once per fiscal year. In such cases, the employee will complete the appropriate request form and submit it to their supervisor. The supervisor will approve or deny the request. If approved, the supervisor must follow remaining procedures outlined here. If denied, the supervisor must notify the employee and submit a copy of the request and denial to the SHR Director.
2. Recommendations for DERA must include supporting documentation as follows:
 - Equity adjustment recommendations must include data showing that the recommended employee's salary is lower than that of other state employees performing the same or similar duties at the same level of proficiency and who have comparable years of relevant service; that there is significant pay compression between the employee and his/her immediate subordinates; or that established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.
 - Retention adjustment recommendations must provide supporting documentation that the employee is actively seeking other employment, or the employee actually has a job offer in hand and the resultant loss of the employee's knowledge and experience would be a detriment to the agency, therefore, requiring a pay adjustment be made in order to retain the employee.

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3. Completed supervisor recommendations will be submitted to the Division Administrator, Directorate Head, Air Commander, or equivalent. Recommendations will be reviewed and either approved, modified, or denied.
4. If approved by the Division Administrator, Directorate Head, Air Commander, or equivalent, the request will be submitted to the SHR Director. The SHR Director will assess the recommendation to assure that the recommendation complies with established criteria, justification standards, and State of Wisconsin Compensation Plan provisions.
5. The SHR Director will submit the request to the Director of State Budget and Finance (SBF) for budget review purposes only and it will be returned to SHR. If inadequate funding exists to support the recommendation, the SBF Director will so note on the recommendation form.
6. If the request is modified or denied, the SHR Director will notify the Division Administrator, Directorate Head, Air Commander, or equivalent of the modification or denial.
7. If the request is approved, the SHR Director will submit the request to The Adjutant General for approval, modification, or denial.
8. The Adjutant General or designee will review and approve, modify, or deny the request. SHR will provide technical assistance as requested.
9. If the request is approved by The Adjutant General, the request will be returned to SHR.
10. SHR will submit the request to the Office of State Employment Relations (OSER) for review and approval, modification, or denial.
11. If the request is approved by OSER, it will be returned to SHR and processed in accordance with effective date (see above).
12. The SHR Director will develop a letter informing the employee of the approved award and will notify payroll to process the adjustment.

The method of payment (i.e. base building, lump sum, or combination of both) must also be identified in the request and the justification must include rationale for the proposed method(s) of payment. Attachment #3 provides detailed instructions on how to complete the form.

Amounts and Methods of Payment:

Eligible employees may be granted **DERA** adjustments in any amount up to the value of four (4) within-range pay steps (WRPS) per fiscal year, including DERA granted by a single agency or by multiple agencies.

Classified employees may be granted **DMC** in any amount up to the value of four (4) within-range pay steps (WRPS) per fiscal year, including DMC awards granted by a single agency or by multiple agencies. Employees in broadbanded schedules who have had pay upon appointment within the previous 12 months may not be eligible for DMC. Such requests will require extensive justification and exception review by OSER.

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Unclassified employees not serving a fixed term may be granted DMC in any amount up to a value of two (2) WRPS per fiscal year, including DMC awards granted by a single agency or by multiple agencies. *Unclassified* employees within the DMA are not eligible for lump sum awards and may only be granted DMC as base building adjustments. *Unclassified* employees in the DMA who are serving fixed terms are not eligible for DMC.

DERA adjustments and DMC awards are not subject to the 10% total cumulative adjustment a classified employee can receive as provided in s.230.12 (5)(d), Wisconsin Statutes.

Employees are eligible for DERA base building, lump sum, or combination of both methods of payment. *Classified* employees are eligible for DMC base building, lump sum, or combination of both methods of payment. *Unclassified* employees who are serving fixed terms are not eligible for DMC.

Any employee paid at or above the applicable pay range maximum may not receive a base-building adjustment.

The Compensation Plan provides that under exceptional circumstances requests to exceed the specific WRPS limits stated above may be considered for *classified* and *unclassified* employees. Such requests will require extensive justification and exception review by OSER.

Calculating Maximum Allowable Amounts and Number of WRPS:

Visit the Office of State Employment Relations [Reference Center](#) web page. Click on the *Alphabetical Listing of Classifications*. Locate the *Class Title* for the employee being recommended for DERA or DMC. Locate the *WRPS* for the class title.

For base building, multiply the WRPS figure by the limits stated above (i.e. 4 for *classified* employees or 2 WRPS for *unclassified* employees). That figure is the maximum hourly amount allowed for a base building increase for that classification. For lump sum DMC for *classified* employees, multiply that figure (4 WRPS) by 2088. That figure is the maximum amount allowed for a lump sum award for that classification. Be reminded that recommendations can include any amount up to the maximum allowed.

Example 1: Class Title: Office Operations Associate; WRPS: \$0.424 (as of August 2013)

$\$0.424 * 4 = \mathbf{\$1.696}$ (This is the maximum hourly amount allowed for a base building DMC.)
 $\$1.696 * 2088 = \mathbf{\$3,541.24}$. (This is the maximum amount allowed for a lump sum DMC award.)

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If the base building adjustment or lump sum amount being recommended is equal to the WRPS figures (i.e. exactly one, two, three, or four WRPS), this is the number of WRPS that must be identified in the request. For example, if the Office Operations Associate above received a base building adjustment of \$0.424, that would be one (1) WRPS. A base building adjustment of \$0.848 per hour would be two (2) WRPS, and so forth up to four (4) WRPS. A lump sum of \$2,655.93 would be exactly three (3) WRPS.

If the base building adjustment or lump sum amount is not exactly equal to the WRPS amounts, as described above, following is the method for calculating the exact WRPS to include in the request. Please work out the WRPS rounded up to the second decimal place.

Example 2: You want to recommend that the Office Operations Associate receive a base building adjustment of \$0.50 per hour, which is not exactly in line with the WRPS figure. Divide that figure by one WRPS: $\$0.50/\$0.424 = \underline{1.18}$ WRPS. This is the WRPS that will be identified in the request.

Example 3: You want to recommend a lump sum DMC in the amount of \$2,000. Divide that lump sum amount by 2088 to convert to an hourly figure. Then divide that hourly figure by one WRPS: $\$2,000/2088 = \0.958 . $\$0.958/\$0.424 = \underline{2.26}$ WRPS. This is the WRPS that will be identified in the request.

If needed, please contact your assigned Human Resources Specialist for assistance.

<p>The DMA will comply with all reporting requirements as identified in the State of Wisconsin Compensation Plan.</p>

ATTACHMENT #1 - JUSTIFICATION FOR DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA)

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AGENCY:		EMPLOYEE NAME:		CLASSIFICATION TITLE:		PAY SCHEDULE & RANGE:	
CRITERIA				JUSTIFICATION	INCREASE AMOUNT	NUMBER OF WRPS OR EQUIVALENT	
Pay Equity: The employee's salary has been determined to be lower than that of other state employees performing the same or similar duties at the same level of proficiency and who have comparable years of relevant service (provide comparison data for equity; at a minimum, the equity comparison should be at the agency wide level); or there is significant pay compression between the employee and his/her immediate subordinates; or established labor market data identifies a need to award market adjustments in order to achieve equity with external public/private employers.				Provide justification on page 2 of this document.			
Retention: The employer is aware that the employee is actively seeking other employment, or the employee actually <i>has a job offer in hand</i> and the resultant loss of the employee's knowledge and experience would be a detriment to the agency, therefore, requiring a pay adjustment be made in order to retain the employee.				Provide justification on page 2 of this document.			
DERA RECOMMENDATION							
Old Base Salary		New Base Salary		Funding Source(s):		DERA Effective Date:	
						# Prior WRPS in Same FY:	
Recommended By (Supervisor & Administrator):		Date:	State Human Resources Approval:		Date:	Budget Approval (Funding approval only):	
AGENCY HEAD APPROVAL (signature):			_____ APPROVED: _____ DENIED Base Pay Adjustment: _____ Lump Sum: _____				DATE:
OSER APPROVAL:			_____ APPROVED: _____ DENIED Base Pay Adjustment: _____ Lump Sum: _____				DATE:
AGENCY CONTACT NAME:				CONTACT PHONE NO:			

ATTACHMENT #1 - JUSTIFICATION FOR DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA)

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JUSTIFICATION:

CRITERIA (Check all that apply):
<input type="checkbox"/> Pay Equity <input type="checkbox"/> Employee received performance evaluation within last 12 months <input type="checkbox"/> Employee is a supervisor and has completed required performance evaluations for all subordinates
<input type="checkbox"/> Retention <input type="checkbox"/> Employee received performance evaluation within last 12 months <input type="checkbox"/> Employee is a supervisor and has completed required performance evaluations for all subordinates
JUSTIFICATION NARRATIVE (Provide specifics and supporting documentation below):

ATTACHMENT #2 - JUSTIFICATION FOR DISCRETIONARY MERIT COMPENSATION (DMC) AWARD

AGENCY:		EMPLOYEE NAME:		CLASSIFICATION TITLE:		PAY SCHEDULE & RANGE:	
CRITERIA				JUSTIFICATION	INCREASE AMOUNT	NUMBER OF WRPS OR EQUIVALENT	
Merit: Employee recognition for superior or meritorious performance. Merit criteria/factors which should be considered include: <ul style="list-style-type: none"> Length or frequency of the outstanding performance Overall significance or importance of the employee's work products to the organization; Regularity with which the outstanding performance or unique contribution is demonstrated (e.g., an employee who routinely demonstrates exceptional performance and performs special projects on an ongoing basis, as compared to an employee who completes a one-time special project) Merit-related criteria/factors which may be considered include: <ul style="list-style-type: none"> Employee has new permanent job duties and /or responsibilities of growing importance to the agency that have been either newly assigned or were an evolution of their originally assigned functions. The new duties are of greater scope, impact and/or complexity compared to the previous functions; or Employee has acquired additional competencies, which are both specialized and critical in carrying out the permanent functions of the position. 				Provide justification on page 2 of this document.			
DMC RECOMMENDATION							
Old Base Salary	New Base Salary	Funding Source(s):	DMC Effective Date:	# Prior WRPS in Same FY:	PUA in last 12 months: ___ No ___ Yes Effective Date: _____		
Recommended By (Supervisor & Administrator):		Date:	State Human Resources Approval:	Date:	Budget Approval (Funding approval only):		Date:

AGENCY HEAD APPROVAL (signature):	APPROVED:		DENIED		DATE:
	Base Pay Adjustment: _____		Lump Sum: _____		

OSER APPROVAL:	APPROVED:		DENIED		DATE:
	Base Pay Adjustment: _____		Lump Sum: _____		

AGENCY CONTACT NAME:	CONTACT PHONE NO:

JUSTIFICATION:

CRITERIA (Check all that apply):	
<input type="checkbox"/> Merit	
<input type="checkbox"/> Employee received performance evaluation within last 12 months	
<input type="checkbox"/> Employee is a supervisor and has completed required performance evaluations for all subordinates	
JUSTIFICATION NARRATIVE (Provide specifics and supporting documentation below):	

ATTACHMENT #3 - INSTRUCTIONS FOR DERA AND DMC JUSTIFICATION FORM COMPLETION

All areas of the form *must* be completed by the individual recommending/requesting the DERA or DMC, unless noted otherwise. Incomplete forms will be returned for completion and resubmittal. Below is a list of boxes included on the DERA and DMC forms with instructions for completion.

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1. **Agency** – Agency name or acronym, including secondary level.
2. **Employee Name** – Employees last name, first name, and middle initial in this order.
3. **Classification Title** – Employees full, official classification title (not working title); position title for unclassified employees.
4. **Pay Schedule & Range** - Numerical pay schedule and range.
5. **Increase Amount** – Increase amount to be provided as a lump sum payment or the base increase amount.
6. **Number of WRPS or Equivalent** - Calculate the number of WRPS equivalent for each DERA or DMC (base and or lump sum) awarded. For lump sum awards, calculate number of WRPS by dividing the award by 2088, then divide that amount by the applicable WRPS amount from the pay schedule (or 3% of minimum for pay ranges not having a listed WRPS).
7. **Old Base Salary** – Employee's base pay rate prior to the DERA/DMC, whether the requested DERA/DMC is base building or lump sum.
8. **New Base Salary** - Employee's base pay rate after the DERA/DMC even if it remains the same (i.e. lump sum award instead of base building).
9. **Funding Sources** - List source of agency funds used to pay for DERA/DMC, e.g., GPR, PRO, SEG, etc.
10. **DERA/DMC Effective Date** – **LEAVE BLANK.** DMA State Human Resources Office will complete this field in accordance with this policy.
11. **# of Prior WRPS in Same FY** – Show total WRPS of any previous DERA/DMC in the same fiscal year.
12. **PUA in last 12 months (DMC form only)** – Show any broadband appointment date(s) in the last twelve months, even if pay did not change.
13. **Recommended By** – Form space is limited. Approved requests must include first line supervisor and Division Administrator, Directorate Head, Air Commander, or equivalent signatures in this space.
14. **State Human Resources Approval and Budget Approval** signatures and dates will be completed consistent with the procedures in this bulletin.
15. **Agency Head Approved/Denied** - Appointing Authority or designee (Deputy or Executive Assistant only).
16. **OSER Approved/Denied** – **LEAVE BLANK.** OSER completes.
17. **Agency Contact Name** – **LEAVE BLANK.** DMA State Human Resources Office will serve as the agency contact and will complete this field.

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18. **Criteria** - (place an X next to Equity or Retention (DERA), or Merit (DMC)) DERA/DMC recommendations must show that the employee has had a performance evaluation in the past 12 months and, if the employee is a supervisor, the employee must have completed required performance evaluations for all subordinates. (check boxes to confirm these statements)
19. **Justification** - Provide specifics and attach any supporting documentation. The justification must also provide rationale for the recommended method of payment (i.e. base building, lump sum, or combination).

ATTACHMENT #4 – DMA DERA Eligibility Chart
Eligibility by Pay Schedule or Range with Exceptions Noted

The chart below is a visual aid to assist in identifying DMA employee eligibility for DERA, including amounts and methods of payment. This chart is organized by pay schedules or ranges which are assigned to positions within the DMA. Please see the [Alphabetical Listing of Classifications](#) to identify the relevant pay schedules or ranges and the Within Range Pay Steps (WRPS) applicable to employee classifications.

Pay Schedule or Range	DERA WRPS fiscal year limit	Eligible Criteria	Base Pay DERA	Lump Sum DERA	Exceptions Explanation
02	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
03	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
04	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
05	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
06	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
07	4 WRPS	Equity/Retention	Yes	Yes	
11	4 WRPS	Equity/Retention	Yes	Yes	
12	Not eligible	None	None	None	Ineligible: not a broadband pay schedule
13	4 WRPS	Equity/Retention	Yes	Yes	
14	4 WRPS	Equity/Retention	Yes	Yes	
15	4 WRPS	Equity/Retention	Yes	Yes	
71-01	4 WRPS	Equity/Retention	Yes	Yes	
81	4 WRPS	Equity/Retention	Yes	Yes	
90	Not eligible	None	None	None	Ineligible: not a broadband pay schedule

ATTACHMENT #5 – DMA DMC Eligibility Chart
Eligibility by Pay Schedule or Range with Exceptions Noted

The chart below is a visual aid to assist in identifying DMA employee eligibility for DMC, including amounts and methods of payment. This chart is organized by pay schedules or ranges which are assigned to positions within the DMA. Please see the [Alphabetical Listing of Classifications](#) to identify the relevant pay schedules or ranges and the Within Range Pay Steps (WRPS) applicable to employee classifications.

Pay Schedule/Range	DMC WRPS fiscal year limit	Base Pay DMC	Lump Sum DMC	Exceptions Explanation
02	4 WRPS	Yes	Yes	
03	4 WRPS	Yes	Yes	
04	Not eligible	No	No	Ineligible Craftworkers
05	4 WRPS	Yes	Yes	
06	4 WRPS	Yes	Yes	
07	4 WRPS	Yes	Yes	
11	4 WRPS	Yes	Yes	
12	4 WRPS	Yes	Yes	
13	4 WRPS	Yes	Yes	
14	4 WRPS	Yes	Yes	
15	4 WRPS	Yes	Yes	
71-01	4 WRPS	Yes	Yes	
81	4 WRPS	Yes	Yes	
90 (not serving a fixed term)	2 WRPS	Yes	No	Employees in Schedule 90 serving fixed term are not eligible for DMC.